

ORDINANCE NO. 47-016

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF ZTM, INC., SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, ZTM, Inc. requests an ad valorem tax exemption on a proposed expansion project of 50% for a five year term on certain manufacturing equipment; and

WHEREAS, ZTM, Inc. has operated within the City for more than eight years as a manufacturer of close-tolerance machined parts; and

WHEREAS, ZTM, Inc. proposes a \$568,179 expansion by the purchase of machinery and equipment to be located at 4011 E. 31st S. in southeast Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by ZTM, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on April 18, 2006; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. ZTM, Inc. is an existing business located in Wichita, Kansas and has expanded its business by the purchase of certain personal property.
2. The purchase of personal property for which exemption is given occurred after December 16, 2004. No exemption will be given for construction or purchases which occurred before that date.
3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, ZTM, Inc. will create new employment for 9 employees within four years after the start of the project.

5. Tax exemption will be given only for the purchase of certain personal property as reflected in Exhibit I attached hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council for the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by ZTM, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted will be used exclusively for manufacturing articles of commerce.

2. ZTM, Inc. is hereby granted an ad valorem tax exemption of 50% for a five-year term on the purchase of personal property started after December 16, 2004, and located within the Wichita City limits at 4011 E. 31st S. in southeast Wichita at an estimated cost of \$568,179, as further defined in Exhibit I attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and ZTM, Inc. may be required to repay amounts previously abated), in the event of any failure by ZTM, Inc., to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and ZTM, Inc. is hereby approved.

4. The City Manager's Office shall be responsible for monitoring the performance of ZTM, Inc. and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in ZTM, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated February 15, 2006, and as stated in ZTM, Inc.'s annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that ZTM, Inc. no longer is entitled to such exemption in accordance with the Economic Development Incentive Policy of the City of Wichita and the terms of the Economic Development Incentive Agreement which ZTM, Inc. has executed with the City.

7. The City Council may, at its discretion, require ZTM, Inc. to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement which ZTM, Inc. has executed with the City.

8. Upon finding that ZTM, Inc. has failed to meet its obligation under the Economic Development Incentives Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on ZTM, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 25th day of April, 2006.

Carlos Mayans, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Gary E. Rebenstorf, City Attorney

ZTM, Inc.

Exhibit I

Equipment Purchases:

Cubes for Toyoda	\$ 29,700
Shelving	8,182
Storage Cabinets w/bins	5,294
Hyster Forklift	7,350
Toyoda Horizontal Machining Center #4	458,925
Spindle	34,414
Coolant System	<u>24,314</u>

Total Equipment \$ 568,179

Total Expansion Project \$ **568,179**